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October 30, 2009

The Honorable James O. Browning  
United States District Judge  
United States District Court  
333 Lomas Boulevard, Suite 660  
Albuquerque, New Mexico 87102

**Re: *In re Thornburg Mortgage, Inc. Securities Litigation*  
Case No. 1:07-CV-00815**

Dear Judge Browning:

We write on behalf of the Officer and Director Defendants<sup>1</sup> in response to the Court's Minute Order dated October 20, 2009 (Docket No. 209), in which the Court asked the parties to supply a status report regarding Thornburg's pending bankruptcy and the prospect of having a Chapter 11 plan submitted to Judge Keir this Fall.

On October 23, 2009, Judge Keir entered an Order granting the Motion of the United States Trustee for an order directing appointment of a Chapter 11 trustee (Docket No. 490 in Case No. 09-17787-DK) (copy attached). On October 28, 2009, Judge Keir appointed Joel I. Sher as the Chapter 11 trustee (Docket No. 506) (copy attached). Until the trustee has had an opportunity to assume control of the affairs of the Debtors, we will not be able to advise the Court as to whether the submission of a Chapter 11 plan is feasible in the Fall of this year.

As a result of recent developments in the bankruptcy proceedings, potential conflicts have arisen that will require the substitution of counsel for some of the named


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<sup>1</sup> The Officer and Director Defendants include: Garrett Thornburg, Larry A. Goldstone, Joseph H. Badal, Paul G. Decoff, Clarence D. Simmons, Anne-Drue M. Anderson, David A. Ater, Elliot R. Cutler, Ike Kalangis, Owen M. Lopez, Francis I. Mullin, Jr., and Stuart C. Sherman.

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defendants. Counsel are diligently working out the conflict issues and expect to file the appropriate substitutions in the near future.

Respectfully submitted,

By 

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Attachments

cc: Richard L. Wasserman, Esq.  
Andrew J. Currie, Esq.  
(Bankruptcy Counsel for TMST, Inc.)

Joel I. Sher, Trustee

All counsel of Record